

<b>Nutrition Services</b> <b>Department of State Health Services</b>
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Effective June 1, 2002

Policy No. AC:13.0

### **Allowable Costs – Facility Depreciation or Use Allowance**

#### **Purpose**

To allow the local agencies (LAs) to recover costs for facility depreciation or a use allowance for the use of facilities occupied by the WIC Program.

#### **Authority**

7 CFR Part 3016; OMB Circular A-87

#### **Policy**

LAs may request reimbursement for facility depreciation or a use allowance in cases where the facility and improvement has been fully depreciated if the state agency (SA) has granted prior written approval.

#### **Procedures**

- I. The following information shall be submitted in writing to the SA for approval before the expense is incurred:
  - A. name of the owner of the facility;
  - B. statement as to whether the building was purchased in full or in part with Federal funds;
  - C. original acquisition cost plus cost of any improvements;
  - D. date of purchase and useful life of building;
  - E. total square footage of facility and square footage utilized by the WIC Program;
  - F. for depreciation recovery, depreciation method to be applied; and
  - G. for use allowance, statement as to whether building has been fully depreciated.

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- II. The acquisition cost plus any improvements shall exclude the portion of the costs donated or funded directly or indirectly by the Federal government, regardless of where the title of the property resides.
  - III. The WIC Program may not be charged the cost of depreciation or a use allowance for periods of non-occupancy.
  - IV. No depreciation shall be allowed on a facility that is fully depreciated.
  - V. The recovery of costs utilizing the use allowance method shall be computed at an annual rate not to exceed two (2) percent of acquisition cost plus improvements.
  - VI. Claimed expense shall be supported by depreciation schedules, state approval letter, floor plans, and property records. Documentation shall also support the allocation among Administration, Nutrition Education, and Breastfeeding.